



United States
Department of
Agriculture

Food and
Nutrition
Service

Mountain
Plains
Region

1244 Speer Boulevard
Denver, CO
80204-2581

SEP 30 2004

Reply to
Attn of:

CACFP-739

Subject:

Allowability of Cost for Directors and Officers Insurance in the Child and Adult
Care Food Program

To:

STATE AGENCY DIRECTORS - Colorado DPHE, Iowa, Kansas, Missouri DH,
(Special Nutrition Programs) Montana DPHHS, Nebraska, North Dakota,
South Dakota, Utah and Wyoming


This memorandum addresses the allowability of "Directors and Officers" (D&O) insurance as an administrative cost in the Child and Adult Care Food Program (CACFP). This guidance was first issued via email dated September 24, 2004. This memo rescinds Q&A, Cost-#9.

The cost of D&O insurance is an allowable CACFP administrative cost, provided that the following conditions apply:

- (1) The insurance policy actually provides liability coverage for activities related to the CACFP (many policies specifically exclude coverage related to the administration of a Federal program); and
- (2) If the policy also provides coverage for non-CACFP liability, the CACFP share of the cost must be properly allocated.

While D&O insurance is an allowable cost as described above, we believe it is important for institutions that purchase such insurance to be fully aware of all provisions and exclusions in any policy they consider.

Please contact our office at (303) 844-0354 if you have any questions concerning this guidance.


for DARLENE SANCHEZ
Regional Director
Special Nutrition Programs